

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-02 H-02 PA-02 PRS-01 USIA-15 /111 W

----- 022789

R 111000Z DEC 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6662

INFO AMEMBASSY BONN

AMCONSUL HONG KONG

AMEMBASSYLONDON

AMEMBASSY PARIS

AMEMBASSY ROME

OECD MISSION PARIS

UNCLAS TOKYO 16173

PASS TREASURY, CEA AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: NATIONAL ACCOUNTS FOR THIRD QUARTER - JAPAN

SUMMARY. JAPAN'S REAL GNP, SEASONALLY ADJUSTED, DIPPED 0.2 PERCENT IN THIRD QUARTER (EQUAL TO CUMULATIVE ANNUAL DECLINE OF 0.9 PERCENT). ACCORDING TO PROVISIONAL NATIONAL ACCOUNTS STATISTICS RELEASED BY ECONOMIC PLANNING AGENCY,, DECLINE WAS DUE TO SHARP FALL IN AMOUNT OF INVENTORY INVESTMENT AND CONTINUING DECLINE IN PRIVATE PLANT AND EQUIPMENT SPENDING. ON OTHER HAND, FINAL DOMESTIC DEMAND NO LONGER DECLINING AND IN FACT ROSE BY 1.7 PERCENT AT QUARTERLY RATE IN THIRD QUARTER. END SUMUAMARY.

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1. FOLLOWING TABLE SHOWS PERCENT CHANGES IN GROSS NATIONAL PRODUCT AND PRINCIPAL COMPONENTS AT CONSTANT PRICES, SEASONALLY ADJUSTED AT CUMULATIVE ANNUAL RATES, FIRST THREE QUARTERS 1974.

PERCENT INCREASES OVER PREVIOUS QUARTER#

1974	1ST QTR	2ND QTR	3RD QTR
PRIVATE CONSUMPTION	-23.3	7.0	7.6
GOVERNMENT CONSUMPTION	-6.5	13.7	8.9
FIXED INVESTMENT	-64.1	-27.5	5.4
PUBLIC	-52.3	-22.6	3.1
PRIVATE RESIDENTIAL	-70.4	-58.9	81.6
PRIVATE NON-RESIDENTIAL	-66.9	-21.6	-9.3
FINAL DOMESTIC DEMAND	-37.6	-21.6	-9.3
FINAL DOMESTIC DEMAND	-37.6	-5.3	7.0
CHANGE IN INVENTORY	(134.5)	(14.3)	(-45.9)
EXTERNAL SURPLUS	-	-	-
EXPORTS, ETC.	20.3	52.6	9.4
IMPORTS, ETC.	2.0	17.0	-15.8
GROSS NATIONAL EXPENDITURE	-20.1	2.7	-0.9

SOURCE: ECONOMIC PLANNING AGENCY

ALL PERCENT CHANGES ARE SHOWN AT CUMULATIVE ANNUAL RATES; HOWEVER, FOR CHANGE IN INVENTORIES QUARTERLY INCREASES ARE SHOWN IN PARENTHESES.

2. LARGE CHANGES IN AMOUNT OF INVENTORY INVESTMENT AND CHANGES IN THE EXTERNAL TRANSACTIONS (ON NATIONAL ACCOUNT) MEASURED IN CONSTANT PRICES HAVE PRODUCED CONSIDERABLE DIVERGENCES BETWEEN GROWTH IN GNP AND FINAL DOMESTIC DEMAND IN RECENT QUARTERS. IN JAN-MAR QUARTER OF 1974 REAL GNP ANNUAL RATE DECLINE OF 20.1 PERCENT RECORDED BUT PERCENTAGE DROP IN FINAL DOMESTIC DEMAND WAS NEARLY TWICE THAT AT 37.6 PERCENT; IN APRIL-JUNE PERIOD FINAL DOMESTIC DEMAND CONTINUED TO DROP, BUT AT A SLOWER 5.3 PERCENT ANNUAL RATE, WHEREAS REAL GNP ROSE BY 2.7 PERCENT. LATEST ESTIMATES SHOW A REVERSAL OF THIS PATTERN IN THE JULY-SEPT QUARTER AS REAL GNP FELL AN 0.9 PERCENT ANNUAL RATE, ALTHOUGH THE RATE OF INCREASE FOR FINAL DOMESTIC DEMAND WAS 7.0 PERCENT.

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3. OTHER NOTABLE DEVELOPMENT IS SIZEABLE DROP IN REAL IMPORTS OF GOODS AND SERVICES (NATIONAL ACCOUNTS BASIS), AND CONSIDERABLY SLOWER EXPANSION OF REAL EXPORTS OF GOODS AND SERVICES. NOT SHOWN IN TABLE IS THAT SIZE OF REAL EXTERNAL SURPLUS ON NATIONAL ACCOUNTS IN THIRD QUARTER REPRESENTED 2.7 PERCENT OF GNP- THE SAME PROPORTION AS IN CY 1972.

4. NOMINAL GNP ROSE AT A 13.4 PERCENT RATE IN THE THIRD
QUARTER AS COMPARED WITH A 22.9 PERCENT RISE IN THE PRIOR
QUARTER. ANNUAL RATE OF INCREASE IN GNP DEFLATOR WAS
8.2 PERCENT FOR JULY-SEPT, A SHARP CONTRAST WITH 18.8
PERCENT RATE FOR APRIL-JUNE PERIOD. ADDITIONAL DETAILS
TO FOLLOW IN AIRGRAM.
SHOESMITH

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GNP, NATIONAL ACCOUNTS, QUARTERLY REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO16173
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740359-0500
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741242/aaaabjqo.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 09 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 OCT 2002 by ReddocGW>; APPROVED <28-Oct-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONAL ACCOUNTS FOR THIRD QUARTER - JAPAN SUMMARY. JAPAN'S REAL GNP, SEASONALLY ADJUSTED, DIPPED
TAGS: EFIN, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005